

Message Text

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44

ACTION NEA-12

INFO OCT-01 AF-10 EUR-25 ADP-00 IO-13 CIAE-00 DODE-00

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INFO AMEMBASSY AMMAN

AMEMBASSY BEIRUT

AMEMBASSY JIDDA

AMEMBASSY KHARTOUM

AMCONSUL JERUSALEM

AMEMBASSY LONDON

AMEMBASSY MOSCOW

AMEMBASSY TEL AVIV

AMEMBASSY TRIPOLI

MEMBASSY TUNIS 846

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EO 11652: N/A

TAGS: PFOR EG LY

SUBJECT: CAIRO PRESS NOTES

1. EGYPT/LIBYA MERGER DEVELOPMENTS. AUGUST 31 AHAM
STATES SADAT SIGNED ON AUGUST 30 ALL EXECUTIVE DECISIONS
FOR MERGER DECLARATION; THESE WERE CARRIED BY SPECIAL
PLANE TO QADHAAFI FOR HIS SIGNATURE. AHAM ADDS THAT
CONSTITUENT ASSEMBLY WILL BE FORMED WITHIN 24 HOURS AND
THAT SADAT HAS RECEIVED NOMINATIONS OF CA'S 50 EGYPTIAN
MEMBERS. SADAT HAS ALSO REPORTEDLY RECEIVED NOMINATIONS
FOR EGYPTIAN RESIDENT MINISTER IN TRIPOLI. TECHNICAL
SECRETARIAT HEAD, AS ANNOUNCED, WILL BE DEPUTY PRIMIN
HATEM. REGARDING ECONOMIC ASPECTS OF MERGER DECREE, AHAM
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ADDS THAT VIEW IS DEVELOPING THAT FREE ZONE TO BE SET

UP BETWEEN EGYPT AND LIBYA WILL BECOME SEPARATE GOVERNORATE
WITHIN MERGER STATE WITH BOUNDARIES EXTENDING FROM TOBRUK
TO SIDI BARRANI; TOBRUK WOULD BE NEW GOVERNORATE'S CAPITAL.

2. AHAM OF AUGUST 31 CARRIES ARTICLE CLARIFYING ROLE
OF "ARAB CLEARING DINAR" (ACD). ARTICLE EXPLAINS THAT
ACD IS AN ACCOUNTING UNIT FOR PURPOSES OF TRANSACTIONS
BETWEEN TWO REGIONS (EGYPT AND LIBYA). CENTRAL BANKS OF
EACH REGION WOULD HOLD ACCOUNT OF TRANSACTIONS WITH THE
OTHER REGION, AND THESE WOULD BE CLEARED BY TRANSFER PAY-
MENTS AT END OF PERIODS RANGING FROM ONE TO THREE MONTHS.
ACD WOULD HAVE FIXED EXCHANGE RATE AND WOULD BE PEGGED
TO PRICE OF GOLD OR SDR. ACD WOULD BE USED FOR BILATERAL
TRADE BETWEEN EGYPT AND LIBYA, AS WELL AS INVESTMENTS
AND CAPITAL TRANSFERS. ACCORDING TO ARTICLE, NO LIMIT
WILL BE PLACED ON TRANSACTIONS BETWEEN BOTH REGIONS.
AHAM NOTES IN SEPARATE ARTICLE THAT ACD WILL BE VALUED
AT 1.325 EGYPTIAN POUNDS.

3. HEYKAL'S ARTICLE DEALS WITH ARMS TRADE WITH MIDDLE
EAST. HIS TWO PRINCIPAL CONCLUSIONS ARE THAT (A) ARAB
COUNTRIES TEND TO ARM THEMSELVES AS MUCH AGAINST EACH OTHER
AS AGAINST ISRAEL; AND THAT A MORATORIUM SHOULD BE
DECLARED ON WRANGLING OVER INTER-ARAB TERRITORIAL
CLAIMS FOR 20 YEARS WHILE ARABS PULLED TOGETHER IN THE
STRUGGLE AGAINST ISRAEL; AND (B) THAT ARAB COUNTRIES SHOULD
ESTABLISH A SINGLE ARAB ARMAMENTS PURCHASING ORGANIZATION
TO STAND AGAINST THE AMBITIONS OF INTERNATIONAL ARMS
MARKET--I.E., AN ARMS PURCHASING CARTEL.
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